

June 24, 2005

Dear Agency Head,

I am writing to request your assistance with the preparation of the FY 2006-2007 Executive Budget. Like last year, we will be utilizing the activity-based budgeting format, which we feel better delineates and defines the core activities demanded by the citizens of the state. Most of the core activities generously funded within the FY 2005-2006 budget – such as activities within Education (K-12), Healthcare, or Law Enforcement — were high-rated priorities first identified through our budgeting process. In addition to their merits, we believe that these activities should be funded first during periods of economic uncertainty. While our economy again shows signs of great improvement, we nevertheless remain concerned with respect to our national economy — whether it's a weak dollar, our unemployment rate, the trade deficit, high gas prices, or increased consumer debt.

In order to complete the second year of the activity-based budgeting format, I am asking that each agency break down its FY 2005-2006 appropriations into discrete and definitive activities. The attached guidelines will provide you with detailed instructions concerning what we are asking that each of you prepare and submit. While we were impressed with the level of detail exhibited in last year's responses, we look forward to no less dedication and attention to detail from agencies this year. Also, as we strive towards creating a historical record of activity funding, we would hope that changes to activities between FY 2004-2005 and FY 2005-2006 remain at a minimum.

Let me take this moment to tell you and your staff how much I appreciate the work that was completed last year in putting together the first activity-based budget in the state's history. Also, I want to thank you in advance for your cooperation with the Office of State Budget and my staff in putting together this year's activity-based budget for FY 2005-2006. As we move forward in this process, I am sure that we can continue to work together in finding ways to better deliver services to our citizens as responsibly and efficiently as possible. Take care.

Sincerely,

Mark Sanford

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Enclosure